Date Filed: October 16, 2026

Witness: Julia Frayer
Request from: Public Utilities Regulatory Authority

Question:

(OM&A PFP AND X-FACTOR) Exhibit CLP-PBR-1, p. 32.The Company states that using a 20-year window to calculate the Total Factor Productivity (TFP) is both appropriate and the most conservative option among various timeframes, such as 10 years and 15 years, in relation to industry growth. However, the Company does not recommend using a TFP and instead recommends using a Partial Factor Productivity (PFP). Describe the impact of various potential timeframes for the PFP, including what timeframes are appropriate and what the most conservative timeframe for a PFP is.

Response:

Figure 22 of Exhibit CLP-PBR-2 presents the OM&A Partial Factor Productivity ("PFP") growth rates for the 10-year and 15-year periods, in addition to the 20-year period used in LEI's Industry Productivity Study. The average annual OM&A PFP growth rates are -0.35% (10 years), +0.30% (15 years), and -0.03% (20 years).

As discussed in Section 2.4 of Exhibit CLP-PBR-2, the considerations supporting a longer timeframe for TFP also apply to PFP. Specifically, a longer study period reduces the influence of short-term fluctuations, outliers, and one-time events, while capturing evolving industry conditions. LEI therefore considers the 20-year period most appropriate for estimating both the TFP and the OM&A PFP because it provides a more representative measure of long-term industry productivity trends without relying on outdated industry conditions. This selection is based on methodological considerations rather than which timeframe produces the most favorable result.